**HCMG2020 | ECON0630**

The Economics and Financing of Health Care Delivery

Fall 2023

**Time:** Mondays and Wednesdays, 1.45-3.15pm

**Place:** Vance Hall, Room B10

**Instructor:** Molly Candon ([candon@wharton.upenn.edu](mailto:candon@wharton.upenn.edu))

**TA:** Michael Sielski ([msielski@wharton.upenn.edu](mailto:msielski@wharton.upenn.edu))

**Office Hours:** Beginning the week of September 9th, office hours with the instructor will be Mondays from 12.00-1.00pm in the Colonial Penn Center Faculty Lounge (3641 Locust Walk) and Fridays from 9.30-10.30am on Zoom (<https://upenn.zoom.us/j/95865933735>). Beginning the week of September 9th, office hours with the TA will be held on Mondays from 3.30-4.30pm in the Colonial Penn Center Faculty Lounge.

**Course Overview:** The Economics and Financing of Health Care Delivery covers the critical issues we face when consuming, producing, delivering, and regulating health care. Topics include insurance design, value-based payments, health equity, and economic phenomena pervasive in health care, such as asymmetric information, externalities, and price transparency (or the lack thereof). Over the course of the semester, we will also develop a toolkit for how to rigorously evaluate policy and practice changes related to health care, considering the roles of patients, clinicians, payers, and policymakers.

**Course Policies & Procedures**

* Attendance is expected and in-class participation is a component of your grade.
* Do not begin questions by apologizing.
* The course content emphasizes the health care system in the U.S., but students are encouraged to discuss health systems in other countries in class or in any assignment.
* All work must meet the standards of the University of Pennsylvania’s [Code of Academic Integrity](https://catalog.upenn.edu/pennbook/code-of-academic-integrity/#:~:text=Activities%20that%20have%20the%20effect,a%20student's%20performance%20are%20prohibited.). Lack of knowledge does not excuse a violation.
  + You may work together on problem sets but your answers need to be in your own words. If a problem set prompt asks for a specific article or topic (e.g., how health insurance works in a given country), do not use the same article or topic as others in your group.
  + Some problem set prompts will require the use of ChatGPT or similar products; other prompts will ban it. You are welcome to use AI to support and streamline content for the final project, but points will be lost for AI-related mistakes or misconceptions.
* The instructor reserves the right to ban electronics in the classroom.
* The course schedule is tentative. Changes will be announced in class and/or on Canvas.

**Course Materials**

* Slides, assignments, and most readings will be made available on Canvas.
* The reading list is primarily academic articles. In addition to the readings listed below, the instructor reserves the right to add one reading per week, which will be shared via Canvas.
* There are no required textbooks but there are optional ones that support the course content.
  + Health Policy Issues: An Economic Perspective by Paul Feldstein
  + Impact Evaluation in Practice from the [World Bank](https://siteresources.worldbank.org/EXTHDOFFICE/Resources/5485726-1295455628620/Impact_Evaluation_in_Practice.pdf)
* To enrich in-class discussions, you are encouraged to stay up to date on the latest news related to health care financing and delivery using news platforms like *Stat News*, the *Health Affairs* Blog, the *Philadelphia Inquirer*, and the Kaiser Family Foundation, and podcasts like Freakonomics, M.D. and Tradeoffs.

**Grading**

* Your final grade consists of three problem sets (10 points each), two exams (20 points each), a final project (20 points), and participation (10 points).
* Participation is based on active engagement in class or during office hours. At the end of the semester, you will be sent a brief survey in which you self-assess your participation, which will contribute to the final participation grade.
* Timely attendance is expected.
  + Excused absences include illnesses, medical emergencies, and religious holidays.
  + Students are allotted three unexcused absences per semester, which cover travel, job interviews, or other professional obligations. Additional unexcused absences will affect your grade.
  + Showing up more than 10 minutes late qualifies as an absence.
  + There will be random attendance check ins using a sign in sheet throughout the semester.
* Letter grade cutoffs will be set at the end of the semester and will more-than-likely be the traditional ones (e.g., A is a 93+). There is no A+ option.
* Please expect a two-week turnaround on grades.
* Late assignments will receive a 20-point deduction. Exam make-ups will be permitted and scheduled at the instructor’s discretion.
* Grade requests can be emailed to [candon@wharton.upenn.edu](mailto:candon@wharton.upenn.edu) within one week of when grades are posted. In the email, provide a screenshot of the original answer.

**Due Dates**

* Problem Set 1: September 30 at 11:59pm
* Problem Set 2: October 14 at 11.59pm
* Exam 1: October 16 at 1.45pm
* Problem Set 3: November 25 at 11.59pm
* Exam 2: December 9 at 1.45pm
* Final Project: December 16 at 11.59pm
* Feedback on Final Project: December 20 at 11.59pm
* Self-assessment of Participation: December 20 at 11:59pm

**Course Schedule**

Module 1: Introduction

*August 28 | September 4, 9, 11, 16*

* Papanicolas I, Woskie LR, Jha AK. Health Care Spending in the United States and Other High-Income Countries. *JAMA.* 2018;319(10).
* Arrow K. Uncertainty and the Welfare Economics of Medical Care. *American Economic Review.* 1963;53(5).
* Pauly M. The Economics of Moral Hazard, Comment. *American Economic Review.* 1968;58:531-537.
* Baicker K, Chandra A. Evidence-Based Health Policy. *New England Journal of Medicine*. 2017;377(25):2413-2415.

Module 2: How to Build an Evidence Base

*September 18, 23, 25*

* Hernán, MA, Hsu J, Healy B. A Second Chance to Get Causal Inference Right: A Classification of Data Science Tasks. CHANCE. 2019;32(1):42-49.
* Lipsky AM, Greenland S. Causal Directed Acyclic Graphs. JAMA. 2022;327(11):1083–1084.
* Newgard CD, Lewis RJ. Missing Data: How to Best Account for What Is Not Known. JAMA. 2015;314(9):940–941.
* Dimick JB, Ryan AM. Methods for Evaluating Changes in Health Care Policy: The Difference-in-Differences Approach. JAMA. 2014;312(22):2401–2402.
* Maciejewski ML, Basu A. Regression Discontinuity Design. JAMA. 2020;324(4):381–382.

Module 3: Access to Care and Insurance Design

*September 30 | October 2, 7, 9, 14*

* Aron-Dine A, Einav L, Finkelstein A. The RAND Health Insurance Experiment, Three Decades Later. *Journal of Economic Perspectives.* 2013;27(1):197-222.
* Baicker K, Taubman SL, Allen HL, et al. The Oregon experiment—effects of Medicaid on clinical outcomes. *New England Journal of Medicine.* 2013;368(18):1713-1722.
* Polsky D, Candon M, Saloner B, Wissoker D, Hempstead K, Kenney GM, Rhodes K. Changes in primary care access between 2012 and 2016 for new patients with Medicaid and private coverage. *JAMA Internal Medicine*. 2017 Apr 1;177(4):588-90.
* Wray CM, Khare M, Keyhani S. Access to Care, Cost of Care, and Satisfaction with Care Among Adults With Private and Public Health Insurance in the US. JAMA Network Open. 2021;4(6):e2110275.
* Agarwal R, Mazurenko O, Menachemi N. High-Deductible Health Plans Reduce Health Care Cost And Utilization, Including Use Of Needed Preventive Services. *Health Affairs.* 2017;36(10):1762.

Exam 1

*October 16 at 1.45pm in Vance Hall*

Module 4: Health Care Delivery and the Rise of Value-based Payments

*October 21, 23, 28, 30 | November 4, 6, 11, 13*

* Bai G, Zare H, Eisenberg MD, Polsky D, Anderson GF. Analysis Suggests Government And Nonprofit Hospitals' Charity Care Is Not Aligned With Their Favorable Tax Treatment. *Health Affairs*. 2021;40(4):629-636.
* Yang BK, Johantgen ME, Trinkoff AM, Idzik SR, Wince J, Tomlinson C. State Nurse Practitioner Practice Regulations and U.S. Health Care Delivery Outcomes: A Systematic Review. *Medical Care Research and Review.* 2021;78(3):183-196.
* Sertkaya A, Beleche T, Jessup A, Sommers BD. Costs of Drug Development and Research and Development Intensity in the US, 2000-2018. JAMA Network Open. 2024;7(6):e2415445
* Case A, Deaton A. The Great Divide: Education, Despair, and Death. *Annual Review of Economics.* 2022;14:1-21.
* Friedberg MW, Chen PG, White C, et al. Effects of Health Care Payment Models on Physician Practice in the United States. *RAND Health Quarterly.* 2015;5(1).
* Friedberg MW, Chen PG, Simmons M, et al. Effects of Health Care Payment Models on Physician Practice in the United States: Follow-Up Study. *RAND Health Quarterly.* 2020;9(1):1.

Module 5: Market Failures and Policy Solutions

*November 18, 20, 25\* | December 2, 4*

* Brownson RC, Chriqui JF, Stamatakis KA. Understanding Evidence-Based Public Health Policy. *American Journal of Public Health.* 2009;99(9).
* Miller S, Johnson N, Wherry LR. Medicaid and Mortality: New Evidence From Linked Survey and Administrative Data. *Quarterly Journal of Economics.* 2021;136(3):1783-1829.
* South EC, Hohl BC, Kondo MC, MacDonald JM, Branas CC. Effect of Greening Vacant Land on Mental Health of Community-Dwelling Adults: A Cluster Randomized Trial. JAMA Network Open. 2018;1(3):e180298.

\*Note: Class and office hours on Monday, November 25th will occur on Zoom.

Exam 2

*December 9 at 1.45pm in Vance Hall*

Final Project Due

*December 16 by 11.59pm on Canvas*

Feedback on Final Projects and Self-assessment of Participation Due

*December 20 by 11.59pm on Canvas*